bank will have to achieve capital adequacy of 8 per cent of the risk weighted assets from the very beginning. Similarly, norms for income recognition, asset classification and provisioning will also be applicable to it from the beginning. So will be the single borrower and group borrowers exposure limits that will be in force from time to time.

(j) The bank shall have to observe priority sector lending targets as applicable to other domestic banks. However, in recognition of the fact that new entrantsmay require some time to lend to all categories of the priority sector. Some modification in the composition of the priority sector lending may be considered by the RBI for an initial period of three years.

(k) Such a bank will also have to comply with such directions of the RBI as the applicable to existing banks in the matter of export credit. As a facilitation of this it may be issued as authorised dealer's licence to deal in foreign exchange, when applied for.

(l) A new bank shall not be allowed to set up a subsidiary or mutual fund for at least three years after its establishment. The holding of such a bank in the equity of other companies shall be governed by the existing provisions applicable to other banks viz:

(i) 30 per cent of the bank's or the investee company's capital funds, whichever is less, as set out under the Banking Regulation Act, 1949; and

(ii) 1.5 percent of the bank's incremental deposits during a year as per RBI guidelines.

The aggregate of such investments in the subsidiaries and Mutual Fund (if and when set up) and portfolio investment in other companies shall not exceed 20 per cent of the bank's own paid-up capital and reserves.

(m) In regard to branch opening, it shall be governed by the existing policy that banks are free to open branches at various centres including urban metropolitan centres without the prior approval of the RBI once they satisfy the capital adequacy and prudential accounting norms. However, to avoid over-concentration of their branches in metropolitan areas and cities, a new bank will be required to open rural and semi-urban branches also as may be laid down by RBI.

(n) Such a bank shall have to lay down its loan policy within the overall policy guidelines of RBI. While doing so, it shall specifically provide prudential norms covering related party tansactions.

(o) Such a bank shall make full use of modern infrastructural facilities in office equipments, computer, telecommunications, etc. in order to provide good customer service. The bank should have a high powered customer grievances cell to handle customer complaints.

(p) Such other conditions as RBI may prescribe from time to time.

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P.S.NRI participation in the primary equity of a new bank shall be to extent or 40%. In the case of a foreign banking company or finance company as a technical colloborator of a co-promoter, equity participation shall be restricted to 20%.

Amalgamation of Banks

*64. SHRI SATISH AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether Government are thinking of amalgamating five or six banks to attain the clout and capability of funding large scale infrastructure projects in the country; and

(b) what steps are proposed to be taken in the matter to achieve the said objective?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) There is no specific proposal under the consideration of the Government at present for

amalgamating five or six banks to attain the clout and capability of funding large scale infrastructure projects in the country.

(b) Does not arise.

Outlay incurred on Photo-identity Cards to Electors

*65. SHRI ASHOK MITRA: Will the Minister of LAW AND JUSTICE be pleased to state:

(a) the total outlay incurred till now to issue photo-identity cards to electors and the breakdown of this outlay according to States and Union Territories;

(b) the formula for sharing this cost between the Centre and the States and the Union Territories; and

(c) whether representations have been received from the States for a change in this formula?

THE MINSITER OF STATE OF THE MINISTRY OF LAW AND JUSTICE (SHRI RAMAKANT D. KHALAP): (a) Details of total outlay released by the Central Government on issue of Photo Identity Cards to the electorate and the break-up according to the States and Union Territories (with Legislature) as well as Union Territories (without Legislature) are given in the enclosed statement-I and statement-II (*see* below), respectively. No amount has been released to any State Government/Union territory during the year 1996-97.

(b) As per scheme formulated by the Election Commission the Central Government has agreed to reimburse 50% of the cost of issuance of Photo Identity Cards to the States/Union Territories (without Legislature). However, in the case of Union Terriotories (without legislature). entire expenditure is borne by the Central Government.

(c) Although certain States had initially asked for higher allocation for implementing the scheme, yet the Central Government decided to go by the funding arrangement worked out by Election Commission which stipulates 50% reimbursement of cost on issuance of Photo Identity Cards.

Statement—I

The amount released to the State Govts. in 1994-95 and 1995-96 on account of issuance of Photo Identity Cards to Voters.

S. No.	Name of the States.	Amout released in 1994-95 (in Rs.)	Amout released in 1995-96 (in Rs.)	Total 1 & 2 (in Rs.)
1.	Andrha Pradesh	17,71,37,000	17,38,63,000	35,10,00,000
2.	Arunachal Pradesh	93,46,120	35,29,000	1,28,75,120
3.	Assam	5,49,20,000	6,98,03,000	12,47,23,000
4.	Bihar	22,76,00,000	12,77,92,000	35,53,92,000
5.	Delhi	2.94,21,000	2,89,11,000	5,83,32,000
6.	Goa	31,93,000	23,83,000	55,76,000
7.	Gujarat	12,25,84,508	7,24,16,000	19,50,00,508
8.	Haryana	5.13.34,000	2,47,51,000	7,60,85,000
9.	Himachal Pradesh	2.15.61,000	1,62,16,000	3,77,77,000
10.	J & K	1,69,07,000	—	1,69,07,000
11.	Karnataka	13,52,92,000	8,56,61,000	22,09,53,000
12.	Kerala	7.50.00,000	—	7,50,00,000
13.	Madhya Pradesh	16,08,14,000	8,91,92,000	25,00,06,000